

## ORDINANCE NO. 2007-48

AN ORDINANCE of the City of Wenatchee, Washington, providing for the issuance and sale of a limited tax general obligation refunding bond of the City in the aggregate principal amount of \$2,560,000 to refund certain outstanding limited tax general obligation bonds of the City; providing the form, terms and covenants of the bond; and approving the sale of such bond.

WHEREAS, the City of Wenatchee, Washington (the "City") now has outstanding \$2,640,000 (of which \$115,000 will be paid on December 1, 2007) principal amount of its Limited Tax General Obligation Bonds, 1997, issued under date of March 1, 1997 (the "1997 Bonds"), and

WHEREAS, Ordinance No. 97-5, passed on March 10, 1997, which authorized the issuance and sale of the 1997 Bonds, provides that the City may call such bonds maturing on and after December 1, 2008 (the "Refunded Bonds") for redemption on or after December 1, 2007, at a price of par plus accrued interest to the date of redemption, and

WHEREAS, after due consideration it appears to the City Council of the City (the "Council") that the callable portion of the 1997 Bonds may be refunded by the issuance and sale of its limited tax general obligation refunding bond (the "Bond") to effect a savings to the City and its taxpayers; and

WHEREAS, the Council has received a commitment from Bank of America, N.A., to purchase the Bond on the terms and conditions that are acceptable to the Council;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WENATCHEE, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1.     Definitions. As used in this ordinance, unless a different meaning clearly appears from the context:

"Bank" means Bank of America, N.A.

"Bond" means the "City of Wenatchee, Washington, Limited Tax General Obligation Refunding Bond, 2007" in the principal amount of \$2,560,000 authorized by this ordinance.

"Bond Account" means the "City of Wenatchee Limited Tax General Obligation Refunding Bond Redemption Account, 2007," established pursuant to Section 6 of this ordinance.

"Bond Register" means the books or records maintained by the Bond Registrar for the registration and transfer of the Bond containing the name and mailing address of the owner of the Bond or nominee of such owner and such other information as the Bond Registrar shall determine.

"Bond Registrar" means the Finance Director of the City who will register and authenticate the Bond, maintain the Bond Register, effect transfer of ownership of the Bond and pay principal of and interest on the Bond.

"City" means the City of Wenatchee, Washington, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

"Code" means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department of the Internal Revenue Service, to the extent applicable to the Bond.

"Commitment" means the commitment submitted by the Bank to purchase the Bond and attached as Exhibit A.

"Council" means the general legislative authority of the City as the same shall be duly and regularly constituted from time to time.

"1997 Bonds" means the Limited Tax General Obligation Bonds, 1997 of the City, issued under date of March 1, 1997 pursuant to Ordinance No. 97-5, passed by the Council on March 10,

1997.

“Refunded Bonds” means the City’s outstanding 1997 Bonds maturing on and after December 1, 2008.

Section 3. Authorization of the Bond. The Council hereby authorizes the issuance and sale of a limited tax general obligation refunding bond of the City in the total principal amount of \$2,560,000. The Bond shall be designated as the “City of Wenatchee, Washington, Limited Tax General Obligation Refunding Bond, 2007,” shall be dated as of the date of its initial delivery to the Bank; shall be in fully registered form, and shall bear interest on unpaid principal from its date at a per annum rate of 4.15% (computed on the basis of a 360-day year of twelve 30-day months), payable on the first days of June and December, commencing June 1, 2008. The principal of the Bond shall be payable in the amounts as shown in Exhibit B to this ordinance with final maturity on December 1, 2021. If there occurs (i) any nonpayment of principal, interest, fee or other amounts when due under the Bond or this ordinance, or (ii) any failure to maintain the tax-exempt status of the Bond, then the interest rate under the Bond shall increase by two and one-half percentage points.

Section 4. Registration, Payment and Transfer. The City’s Finance Director shall act as authenticating trustee, transfer agent, paying agent and registrar for the Bond (collectively, the “Bond Registrar”). Both principal and interest on the Bond shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check or draft of the Bond Registrar mailed (on the date such interest is due) to the registered owner or nominee at the address appearing on the Bond Register. Upon final payment of all installments and interest thereon, the Bond shall be submitted to the Bond Registrar for cancellation and surrender.

The Bond may be transferred only on the Bond Register maintained by the Bond Registrar for that purpose upon the surrender thereof by the registered owner or nominee or his/her duly authorized agent and only if endorsed in the manner provided thereon, and thereupon a new fully registered Bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor. Such transfer or exchange shall be without cost to the registered owner or transferee.

Section 5.     Prepayment. The City reserves the right to prepay the Bond in whole or in part at any time by paying the principal amount thereof to be prepaid together with accrued interest to the date of prepayment. If the Bond is prepaid, whether by voluntary prepayment or otherwise, the prepayment may result in the imposition of a prepayment fee as provided in the Commitment attached hereto as Exhibit A.

Section 6.     Bond Account. A special account of the City to be known as the "City of Wenatchee Limited Tax General Obligation Refunding Bond Redemption Account, 2007" (the "Bond Account") is hereby authorized to be created by the Finance Director. The Bond Account shall be drawn upon for the sole purpose of paying the principal of and interest on the Bond. Money on deposit in the Bond Account not immediately needed to pay such interest or principal may temporarily be deposited in such institutions or invested in such obligations that are legal investments for City funds. Any interest or profit from the investment of such money shall be deposited in the Bond Account. Any money remaining in the Bond Account after payment in full of the principal of and interest on the Bond may be transferred to the general fund of the City, and the Bond Account shall be closed.

The Bond is a general obligation of the City. The City hereby irrevocably covenants that it will include in its budget and levy an *ad valorem* tax, within and as a part of the tax millage levy

permitted to cities without a vote of the people, upon all the property within the City subject to taxation in an amount which will be sufficient, with other money legally available therefore, to pay the principal of and interest on the Bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The pledge of tax levies may be discharged prior to maturity of the Bond by making full provision for the payment thereof.

Section 7.     Application of Bond Proceeds. Proceeds received from the Bond shall be used immediately upon receipt thereof to defease the Refunded Bonds as authorized by Ordinance No. 97-5 and pay costs of issuance and refunding. The City shall defease the Refunded Bonds and discharge such obligations by the use of bond proceeds that will provide for the payment of:

- (i)     interest on the Refunded Bonds on December 31, 2007; and
- (ii)    the redemption price (100% of the principal amount thereof) of the Refunded Bonds on December 31, 2007.

The City hereby irrevocably calls the Refunded Bonds for redemption on December 31, 2007. Said defeasance and calls for redemption of the Refunded Bonds shall be irrevocable after the receipt of the bond proceeds. Notice has been given to the fiscal agent to give notice of redemption of the Refunded Bonds in accordance with the applicable provisions of Ordinance No. 97-5. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefore. The costs of publication of such notice shall be an expense of the City.

Section 8.     Lost, Stolen or Destroyed Bond. In case the Bond shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond of like date and tenor to the owner upon the owner paying the expenses and charges of the City and upon filing with the Bond

Registrar evidence satisfactory to the Bond Registrar that such Bond was actually lost, stolen or destroyed and of its ownership thereof, and upon furnishing the City with indemnity satisfactory to the City.

Section 9.     Form and Execution of the Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

\$2,560,000

STATE OF WASHINGTON

CITY OF WENATCHEE, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2007

REGISTERED OWNER:     BANK OF AMERICA, N.A.

INTEREST RATE:             4.15%

MATURITY DATE:            DECEMBER 1, 2021

PRINCIPAL AMOUNT:     TWO MILLION FIVE HUNDRED SIXTY THOUSAND AND  
NO/100 DOLLARS

The City of Wenatchee, Washington (the "City"), a municipal corporation organized and existing under the laws of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay, but solely from the Bond Account hereinafter identified, to the Registered Owner identified above on December 1 of each year, the principal sums shown on Exhibit B to the Bond Ordinance. Amounts received under this Bond shall bear interest at the rate identified above, as set forth in Ordinance No. 2007-48 of the City, passed on November 29, 2007 (the "Bond Ordinance"). Interest on this Bond shall accrue from the date money is received, until paid and shall be computed on the basis of a 360-day year of twelve 30-day months. Interest shall be payable from December 31, 2007, or the most recent date to which interest has been paid or duly provided for until payment of this Bond at the Interest Rate set forth above, payable on June 1, 2008, and semiannually thereafter on the first days of each December and June. Principal on this Bond shall be payable in the amounts as shown in Exhibit B to the Bond Ordinance, with final maturity on December 1, 2021.

Upon payment of this Bond in full, the Registered Owner shall surrender this Bond at the office of the Finance Director of the City for cancellation. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

The City may prepay this Bond in whole or in part at any time by paying the principal amount thereof to be prepaid together with accrued interest to the date of prepayment. A prepayment fee

may apply, as set forth in the Bond Ordinance. Interest shall cease to accrue on the date this Bond is prepaid in full.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Registration Certificate hereon shall have been manually signed by the Bond Registrar. Reference is made to the Bond Ordinance for definitions of capitalized terms.

This Bond has been designated as a "qualified tax-exempt obligation" for banks, thrift institutions and other financial institution.

This Bond is issued pursuant to the Bond Ordinance for the purpose of refunding certain outstanding limited tax general obligations of the City, all in conformity with the Constitution and laws of the State of Washington.

The City has irrevocably covenanted that it will deposit in the Limited Tax General Obligation Refunding Bond Redemption Account, 2007 of the City authorized to be maintained by the Bond Ordinance, taxes levied, bond proceeds or refunding proceeds, in amounts which, together with other moneys of the City legally available therefore, will be sufficient to pay the principal of and interest on this Bond as the same shall become due.

It is hereby certified and declared that this Bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the City and that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have happened, been done and performed.

IN WITNESS WHEREOF, the City of Wenatchee, Washington, has caused this Bond to be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Clerk, and the seal of the City to be imprinted or impressed hereon as of the 31<sup>st</sup> day of December, 2007.

CITY OF WENATCHEE, WASHINGTON

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
City Clerk

## REGISTRATION CERTIFICATE

This Bond is registered in the name of the Registered Owner on the books of the City, in the office of the Finance Director (the "Bond Registrar"), as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this Bond shall be made by the City with full acquittance by the Bond Registrar's wire transfer, made payable to the last Registered Owner as shown hereon and on the registration books of the Bond Registrar at his/her address noted hereon and on the registration books of the Bond Registrar.

Date of Registration	Name and Address of Registered Owner	Signature of Registrar
December 31, 2007	Bank of America, N.A. 800 Fifth Avenue, Floor 34 Seattle, WA 98104	Finance Director

Section 10.    Execution. The Bond shall be executed on behalf of the City with the manual or facsimile signature of its Mayor, shall be attested by the facsimile or manual signature of the City Clerk and shall have the seal of the City impressed or imprinted thereon.

Only such Bond as shall bear thereon a Registration Certificate in the form recited above, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Registration Certificate shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this ordinance.

If any officer whose signature appears on the Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her signature is authenticated or delivered by the Bond Registrar or issued by the City, the Bond nevertheless may be authenticated, delivered and issued and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond may also be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on the



date of issuance of the Bond.

Section 11. Sale of the Bond. The Bond shall be sold to the Bank in accordance with its commitment to purchase the Bond attached as Exhibit A (the "Commitment") and the acceptance of such Commitment is hereby ratified and confirmed. The City shall pay the Bank's legal fees of \$600.00, upon the closing and delivery of the Bond. Banc of America Securities LLC shall act as the structuring agent and shall arrange the placement of the Bond with Bank of America, N.A. The City shall reimburse the Bank for payment of a structuring fee of \$12,800.00 to Banc of America Securities LLC upon the closing and delivery of the Bond to Bank.

Section 12. Tax Covenant; Special Designation. The City shall comply with the provisions of this section unless, in the written opinion of Bond Counsel to the City, such compliance is not required in order to maintain the exemption of the interest on the Bond from federal income taxation.

The City hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the City which may be deemed to be proceeds of such Bond pursuant to Section 148 of the Code and the applicable regulations thereunder that will cause the Bond to be an "arbitrage bond" within the meaning of said section and said regulations. The City will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bond) and the applicable regulations thereunder throughout the term of the Bond.

The City further covenants that it will not take any action or permit any action to be taken that would cause the Bond to constitute a "private activity bond" under Section 141 of the Code.

The City will pay any rebate amount to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to maintain the federal income tax exemption of the interest payments on the Bond, in accordance with the Federal Tax Certificate.

The City hereby designates the Bond as a “qualified tax-exempt obligation” under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions. The City does not anticipate that it will issue more than \$10,000,000 of qualified tax-exempt obligations during 2007.

Section 13. Default. The City hereby covenants with the Bank that the following shall constitute Events of Default: (a) nonpayment of principal, interest, fees or other amounts when due; or (b) failure to maintain the tax-exempt status of the Bond. So long as an Event of Default has occurred and is continuing hereunder, outstanding principal amounts will bear interest at a default rate equal to the Interest Rate (as set forth in the Bond) plus two and one-half percentage points.

Section 14. Ongoing Disclosure and Reporting Requirements. The City is exempt from the ongoing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 by reason of the exemption set forth in subsection (d)(i) of that rule with respect to the issuance of securities in authorized denominations of \$100,000 or more. The City, however, hereby covenants and agrees for as long as the Bond remains outstanding that it will provide annually to the Bank copies of (a) its audited financial statements for each fiscal year, upon receipt thereof; (b) the City’s internally-prepared, unaudited annual financial statement, within 270 days after the end of the fiscal year, (c) the City’s biennial budget for the new period within 45 days of commencement of the new budget cycle and (d) such other information as the Bank may reasonably request.

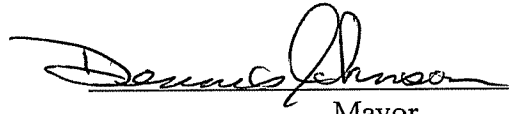
Section 15. Ratification; General Authorization. The Mayor, Executive Services Director and Finance Director and other appropriate officers of the City are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified.

Section 16.    Severability. If any provision in this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

Section 17.    Effective Date. This ordinance shall become effective five days after its passage and publication as required by law.

PASSED by the City Council of the City of Wenatchee this 29<sup>th</sup> day of November, 2007.

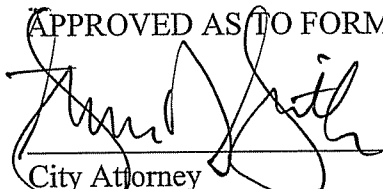
CITY OF WENATCHEE, WASHINGTON

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

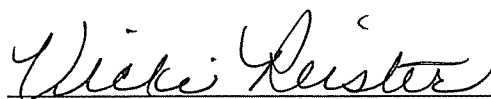
## CERTIFICATE

I, the undersigned, Clerk of the City of Wenatchee, Washington (the "City"), and keeper of the records of the City Council (herein called the "Council"), DO HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. 2007-48 of the Council (herein called the "Ordinance"), duly passed at a regular meeting thereof held on the 29<sup>th</sup> day of November, 2007.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

I have hereunto set my hand this 29<sup>th</sup> day of November, 2007.

  
\_\_\_\_\_  
City Clerk

**EXHIBIT "A"**

**BANK'S COMMITMENT**



Bank of America, N.A.  
Government Banking  
OR1-129-17-15  
121 SW Morrison Street  
Suite 1700  
Portland, OR 97204-3117

Douglas Bowsby  
Senior Vice President  
Tel 503.275.1869  
Fax 503.275.1274  
douglas.b.bowsby@  
bankofamerica.com

October 18, 2007

Mark S. Calhoun  
Finance Director/Treasurer  
City of Wenatchee  
129 S. Chelan  
PO Box 519  
Wenatchee, WA 98807-0519

Re: Limited Tax General Obligation Refunding Bond, 2007

Dear Mark

Bank of America, N.A. ("Bank of America") is pleased to offer to the City of Wenatchee (the "Borrower") the committed credit facility (the "Credit Facility") whose terms are set forth in the attached Term Sheet.

This letter and attached Term Sheet contain confidential and proprietary loan structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the Credit Facility or as may be required by law, the contents of the Term Sheet may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed Credit Facility.

This letter and the accompanying Term Sheet form the only agreement that has been entered into between us with respect to the Credit Facility and there are no separate oral agreements or verbal commitments between the parties. This letter may be modified or amended only by the written agreement of all of us. This letter is not assignable by the Borrower without our prior written consent and is intended to be solely for the benefit of the parties hereto.

This offer will expire at 5:00 p.m. on December 31, 2007 unless you execute the enclosed copy of this letter and return it to us prior to that time (which may be by facsimile transmission), whereupon this letter (each of which may be signed in one or more counterparts) shall become a binding agreement. Thereafter, this commitment will expire on December 31, 2007 unless definitive documentation for the Credit Facility is executed and delivered prior to such date.

City of Wenatchee  
November 28, 2007

We appreciate the opportunity to present you with this commitment and look forward to working with you to complete the transaction.

Very truly yours,

BANK OF AMERICA, N.A.



Douglas Bowlsby  
Senior Vice President  
503-275-1869  
503-275-1274

Accepted and Agreed to this \_\_\_\_ day of \_\_\_\_\_, 2007.

**CITY OF WENATCHEE, WASHINGTON**

By: \_\_\_\_\_  
Title : \_\_\_\_\_

Enclosure

Cc: Allison Williams, City of Wenatchee  
Dan Frazier, City of Wenatchee  
Stephen Smith, City of Wenatchee  
Stacie Amasaki, K&L Gates  
Nancy Neraas, K&L Gates  
David Johnson, Banc of America Securities  
Jeff Pickett, Banc of America Securities  
Wesley Ellins, Banc of America Securities  
Alan Schulkin, Attorney at Law  
Pete Sullivan, Bank of America  
Barbara Miller, Bank of America

## TERM SHEET

### CITY OF WENATCHEE, WASHINGTON (Attached to commitment letter dated November 28, 2007)

**BORROWER:** City of Wenatchee, Washington (the "Borrower").

**LENDER:** Bank of America, N.A. ("Bank of America").

**CREDIT FACILITY:** \$2,560,000 Limited Tax General Obligation Refunding Bonds, 2007 (the "Credit Facility").

**PURPOSE:** The proceeds of the Credit Facility shall be used to refund Borrower's outstanding Limited Tax General Obligation Bonds, 1997, and to pay for costs of issuance.

**CLOSING:** The closing of the Credit Facility shall occur on or before December 31, 2007.

**INTEREST RATE:** Fixed rate of 4.15%. The Credit Facility is to be certified as a bank qualified tax-exempt obligation.

All calculations of interest and fees shall be made on the basis of a 30-day month and a 360-day year.

**ORIGINATION FEE:** None.

**REPAYMENT/MATURITY:** Interest on the Credit Facility shall be paid semi-annually on June 1 and December 1 of each year, commencing June 1, 2008.

Principal on the Credit Facility shall be repaid annually on December 1 of each year, commencing December 1, 2008, as follows:

December 1, 2008	\$145,000.00
December 1, 2009	\$140,000.00
December 1, 2010	\$145,000.00
December 1, 2011	\$155,000.00
December 1, 2012	\$165,000.00
December 1, 2013	\$165,000.00
December 1, 2014	\$175,000.00
December 1, 2015	\$185,000.00
December 1, 2016	\$190,000.00
December 1, 2017	\$200,000.00
December 1, 2018	\$210,000.00
December 1, 2019	\$215,000.00
December 1, 2020	\$230,000.00
December 1, 2021	\$240,000.00

The Credit Facility shall mature, and all unpaid principal and interest shall be due, on December 1, 2021.



<b>SECURITY:</b>	The Credit Facility shall be a limited tax general obligation of Borrower. The full faith and credit of Borrower (not subject to appropriation) shall be pledged to pay the Credit Facility when due.
<b>PREPAYMENTS:</b>	If principal amounts prepaid, whether by voluntary prepayment or otherwise, the prepayment shall be accompanied by a prepayment fee as set forth in the attached Exhibit A.
<b>REPRESENTATIONS AND WARRANTIES:</b>	Usual and customary for transactions of this type.
<b>CONDITIONS PRECEDENT TO CLOSING:</b>	<p>The closing and funding of the Credit Facility will be subject to satisfaction of the conditions precedent deemed appropriate for transactions of this type including, but not limited to, the following:</p> <p>(i) The negotiation, execution and delivery of definitive documentation for the Credit Facility satisfactory to Bank of America, which shall include, without being limited to, satisfactory opinions of counsel to the Borrower and such other customary closing documents as Bank of America shall reasonably request.</p> <p>(ii) Receipt and satisfactory review of the audited financial statements of the Borrower for the fiscal years ended 2004, 2005 and 2006, including balance sheets, income and cash flow statements and such other financial information as Bank of America may request.</p> <p>(iii) There shall not have occurred a material adverse change since December 31, 2006 in the assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower, or in the facts and information regarding the Borrower as represented to date.</p> <p>(iv) The absence of any action, suit, investigation or proceeding pending or threatened in any court or before any arbitrator or governmental authority that purports (a) to materially and adversely affect the Borrower, or (b) to affect any transaction contemplated hereby or the ability of the Borrower to perform its obligations under the documentation for the Credit Facility.</p> <p>(v) Payment of all fees and expenses then due and payable.</p>
<b>COVENANTS:</b>	Usual and customary for transactions of this types.
<b>REPORTING REQUIREMENTS:</b>	<p><u>Financial Information from Borrower.</u> Borrower to provide financial information and statements in form and content acceptable to Bank of America indicated below:</p> <ul style="list-style-type: none"> <li>• Upon receipt, the Borrower's annual State Audit Report.</li> <li>• Within 270 days of the Borrower's fiscal year end, the Borrower's unaudited annual financial statements.</li> <li>• Within 45 days of commencement of the new budget cycle, the Borrower's biennial budget and final budget adoption ordinance.</li> <li>• Such other information as Bank of America may reasonably request.</li> </ul>
<b>EVENTS OF DEFAULT:</b>	<p>Usual and customary in transactions of this type.</p> <p>If an event of default occurs due to (i) nonpayment of principal, interest, fees or other amounts when due, or (ii) failure to maintain the tax exempt status of the Credit Facility, then Bank of America may increase the interest rate by two and one-half percent (2.5%).</p>

**GOVERNING  
LAW/ARBITRATION:**

State of Washington.

**EXPENSES:**

Borrower will pay all reasonable costs and expenses associated with the preparation, due diligence, administration and enforcement of all documentation executed in connection with the Credit Facility, including the following:

- Bank of America's attorneys' fees for initial review and approval of documentation (subject to a cap of \$600); and
- Banc of America Securities' structuring agent fee for this transaction (0.50% of the total principal amount of the Credit Facility).

**STATUTORY  
DISCLOSURES:**

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY,  
EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF  
A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

This Term Sheet contains confidential and proprietary loan structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the credit facilities contained in this Term Sheet or as may be required by law, the contents of the Term Sheet may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed credit facilities.

## EXHIBIT A

### Prepayment Fee – Breakfunding (Initial Cost of Funds Rate / Treasury Rate)

The Prepayment Fee shall be the sum of fees calculated separately for each Prepaid Installment, as follows:

- (1) Determine the amount of interest which would have accrued each month for the Prepaid Installment, had it remained outstanding until the applicable Original Payment Date at the Initial Cost of Funds Rate applicable to the Prepaid Installment;
- (2) Subtract from each monthly interest amount determined in (1) above, the amount of interest that would accrue for that Prepaid Installment if it were reinvested from the date of prepayment through the Original Payment Date, at the Treasury Rate;
- (3) If (1) above, minus (2) above, for the Prepaid Installment is greater than zero, discount the monthly difference to the date of prepayment by the Treasury Rate. The sum of the discounted monthly differences is the prepayment fee for that Prepaid Installment, plus
- (4) An amount equal to all costs and expenses (subject to a cap of \$200) Bank reasonably expects to incur in liquidation and reinvestment of such prepaid funds.

For purposes of this Section, the capitalized terms used herein and not otherwise defined have the following meanings:

- (1) "Initial Cost of Funds Rate" means the fixed interest rate of interest per annum representing Borrower's cost of purchasing funds, or the cost of purchasing and exchanging funds through swaps or other derivative products, for an amount and under terms reflecting the characteristics of the Prepaid Installment from the date the Bond shall begin to bear interest through the Maturity Date.
- (2) "Original Payment Dates" means the dates on which principal of the Bond would have been paid if there had been no prepayment. If a portion of the principal would have been paid later than the end of the interest period in effect at the time of prepayment, then the Original Payment Date for that portion shall be the last day of the Interest Period.
- (3) "Prepaid Installment" means the portion of the prepaid principal of the Bond that would have been paid on a single Original Payment Date.
- (4) "Treasury Rate" means the interest rate yield for U.S. Government Treasury Securities that the Bank determines could be obtained by reinvesting a specified Prepaid Installment in such securities from the date of prepayment through the Original Payment Date.

Bank may adjust the Treasury Rate and Initial Cost of Funds Rate to reflect the difference between the terms of such investments and the terms of the Bond, such as compounding, accrual basis, or other costs and terms. Each of the rates is Bank's estimate only, and Bank is under no obligation to actually reinvest any prepayment. The rates shall be based on information from either the Telerate or Reuters information services, The Wall Street Journal, or other information sources the Bank deems appropriate.

**EXHIBIT "B"**

**PRINCIPAL PAYMENT SCHEDULE**

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BOND DEBT SERVICE

City of Wenatchee  
Limited Tax GO Refunding Bonds, 2007  
Private Placement  
(Refund 1997 Limited Tax GO Bonds)  
Final Pricing 11/28/07

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2008	145,000	4.150%	97,681.78	242,681.78
12/01/2009	140,000	4.150%	100,222.50	240,222.50
12/01/2010	145,000	4.150%	94,412.50	239,412.50
12/01/2011	155,000	4.150%	88,395.00	243,395.00
12/01/2012	165,000	4.150%	81,962.50	246,962.50
12/01/2013	165,000	4.150%	75,115.00	240,115.00
12/01/2014	175,000	4.150%	68,267.50	243,267.50
12/01/2015	185,000	4.150%	61,005.00	246,005.00
12/01/2016	190,000	4.150%	53,327.50	243,327.50
12/01/2017	200,000	4.150%	45,442.50	245,442.50
12/01/2018	210,000	4.150%	37,142.50	247,142.50
12/01/2019	215,000	4.150%	28,427.50	243,427.50
12/01/2020	230,000	4.150%	19,505.00	249,505.00
12/01/2021	240,000	4.150%	9,960.00	249,960.00
	2,560,000		860,866.78	3,420,866.78

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**SOURCES AND USES OF FUNDS**

**City of Wenatchee  
Limited Tax GO Refunding Bonds, 2007  
Private Placement  
(Refund 1997 Limited Tax GO Bonds)  
Final Pricing 11/28/07**

Dated Date                      12/31/2007  
Delivery Date                12/31/2007

**Sources:**

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Bond Proceeds:	
Par Amount	2,560,000.00
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	<b>2,560,000.00</b>

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**Uses:**

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Refunding Escrow Deposits:	
Cash Deposit	2,536,452.29
Delivery Date Expenses:	
Cost of Issuance	18,900.00
Other Uses of Funds:	
Additional Proceeds	4,647.71
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	<b>2,560,000.00</b>

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**SUMMARY OF REFUNDING RESULTS**

**City of Wenatchee  
Limited Tax GO Refunding Bonds, 2007  
Private Placement  
(Refund 1997 Limited Tax GO Bonds)  
Final Pricing 11/28/07**

Dated Date	12/31/2007
Delivery Date	12/31/2007
Arbitrage yield	4.150431%
Escrow yield	
Bond Par Amount	2,560,000.00
True Interest Cost	4.150431%
Net Interest Cost	4.150000%
Average Coupon	4.150000%
Average Life	8.103
Par amount of refunded bonds	2,525,000.00
Average coupon of refunded bonds	5.530715%
Average life of refunded bonds	8.315
PV of prior debt to 12/31/2007 @ 4.150431%	2,769,626.08
Net PV Savings	214,273.79
Percentage savings of refunded bonds	8.486091%
Percentage savings of refunding bonds	8.370070%

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**SAVINGS**

**City of Wenatchee  
Limited Tax GO Refunding Bonds, 2007  
Private Placement  
(Refund 1997 Limited Tax GO Bonds)  
Final Pricing 11/28/07**

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/31/2007 @ 4.1504310%
12/01/2008	262,427.50	242,681.78	19,745.72	19,496.45
12/01/2009	261,177.50	240,222.50	20,955.00	19,663.00
12/01/2010	259,677.50	239,412.50	20,265.00	18,253.25
12/01/2011	262,792.50	243,395.00	19,397.50	16,772.46
12/01/2012	265,107.50	246,962.50	18,145.00	15,063.48
12/01/2013	261,815.00	240,115.00	21,700.00	17,233.07
12/01/2014	263,175.00	243,267.50	19,907.50	15,176.49
12/01/2015	263,910.00	246,005.00	17,905.00	13,104.29
12/01/2016	264,010.00	243,327.50	20,682.50	14,486.31
12/01/2017	263,560.00	245,442.50	18,117.50	12,179.02
12/01/2018	267,360.00	247,142.50	20,217.50	13,010.58
12/01/2019	265,320.00	243,427.50	21,892.50	13,492.31
12/01/2020	267,720.00	249,505.00	18,215.00	10,763.81
12/01/2021	269,280.00	249,960.00	19,320.00	10,931.56
	<b>3,697,332.50</b>	<b>3,420,866.78</b>	<b>276,465.72</b>	<b>209,626.08</b>

**Savings Summary**

PV of savings from cash flow	209,626.08
Plus: Refunding funds on hand	4,647.71
Net PV Savings	214,273.79



# BOND SUMMARY STATISTICS

## City of Wenatchee Limited Tax GO Refunding Bonds, 2007 Private Placement (Refund 1997 Limited Tax GO Bonds) Final Pricing 11/28/07

Dated Date	12/31/2007
Delivery Date	12/31/2007
First Coupon	06/01/2008
Last Maturity	12/01/2021
Arbitrage Yield	4.150431%
True Interest Cost (TIC)	4.150431%
Net Interest Cost (NIC)	4.150000%
All-In TIC	4.263182%
Average Coupon	4.150000%
Average Life (years)	8.103
Duration of Issue (years)	6.719
Par Amount	2,560,000.00
Bond Proceeds	2,560,000.00
Total Interest	860,866.78
Net Interest	860,866.78
Total Debt Service	3,420,866.78
Maximum Annual Debt Service	249,960.00
Average Annual Debt Service	245,761.73
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	2,560,000.00	100.000	4.150%	8.103
	<b>2,560,000.00</b>			<b>8.103</b>

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,560,000.00	2,560,000.00	2,560,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-18,900.00	
- Other Amounts			
Target Value	2,560,000.00	2,541,100.00	2,560,000.00
Target Date	12/31/2007	12/31/2007	12/31/2007
Yield	4.150431%	4.263182%	4.150431%

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**COST OF ISSUANCE**  
**City of Wenatchee**  
**Limited Tax GO Refunding Bonds, 2007**  
**Private Placement**  
**(Refund 1997 Limited Tax GO Bonds)**  
**Final Pricing 11/28/07**

<b>Cost of Issuance</b>	<b>\$/1000</b>	<b>Amount</b>
Structuring Agent Fee	5.00000	12,800.00
Bank Legal Counsel	0.23438	600.00
Bond Counsel	2.14844	5,500.00
	<b>7.38281</b>	<b>18,900.00</b>

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**BOND PRICING**

**City of Wenatchee  
Limited Tax GO Refunding Bonds, 2007  
Private Placement  
(Refund 1997 Limited Tax GO Bonds)  
Final Pricing 11/28/07**

<b>Bond Component</b>	<b>Maturity Date</b>	<b>Amount</b>	<b>Rate</b>	<b>Yield</b>	<b>Price</b>
Serial Bond:					
	12/01/2008	145,000	4.150%	4.150%	100.000
	12/01/2009	140,000	4.150%	4.150%	100.000
	12/01/2010	145,000	4.150%	4.150%	100.000
	12/01/2011	155,000	4.150%	4.150%	100.000
	12/01/2012	165,000	4.150%	4.150%	100.000
	12/01/2013	165,000	4.150%	4.150%	100.000
	12/01/2014	175,000	4.150%	4.150%	100.000
	12/01/2015	185,000	4.150%	4.150%	100.000
	12/01/2016	190,000	4.150%	4.150%	100.000
	12/01/2017	200,000	4.150%	4.150%	100.000
	12/01/2018	210,000	4.150%	4.150%	100.000
	12/01/2019	215,000	4.150%	4.150%	100.000
	12/01/2020	230,000	4.150%	4.150%	100.000
	12/01/2021	240,000	4.150%	4.150%	100.000
		<b>2,560,000</b>			

Dated Date	12/31/2007	
Delivery Date	12/31/2007	
First Coupon	06/01/2008	
Par Amount	2,560,000.00	
Original Issue Discount		
Production	2,560,000.00	100.000000%
Underwriter's Discount		
Purchase Price	2,560,000.00	100.000000%
Accrued Interest		
Net Proceeds	2,560,000.00	

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**BOND DEBT SERVICE**

**City of Wenatchee  
Limited Tax GO Refunding Bonds, 2007  
Private Placement  
(Refund 1997 Limited Tax GO Bonds)  
Final Pricing 11/28/07**

<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>
12/01/2008	145,000	4.150%	97,681.78	242,681.78
12/01/2009	140,000	4.150%	100,222.50	240,222.50
12/01/2010	145,000	4.150%	94,412.50	239,412.50
12/01/2011	155,000	4.150%	88,395.00	243,395.00
12/01/2012	165,000	4.150%	81,962.50	246,962.50
12/01/2013	165,000	4.150%	75,115.00	240,115.00
12/01/2014	175,000	4.150%	68,267.50	243,267.50
12/01/2015	185,000	4.150%	61,005.00	246,005.00
12/01/2016	190,000	4.150%	53,327.50	243,327.50
12/01/2017	200,000	4.150%	45,442.50	245,442.50
12/01/2018	210,000	4.150%	37,142.50	247,142.50
12/01/2019	215,000	4.150%	28,427.50	243,427.50
12/01/2020	230,000	4.150%	19,505.00	249,505.00
12/01/2021	240,000	4.150%	9,960.00	249,960.00
	<b>2,560,000</b>		<b>860,866.78</b>	<b>3,420,866.78</b>

**BOND DEBT SERVICE**  
**City of Wenatchee**  
**Limited Tax GO Refunding Bonds, 2007**  
**Private Placement**  
**(Refund 1997 Limited Tax GO Bonds)**  
**Final Pricing 11/28/07**

<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Annual Debt Service</b>
06/01/2008			44,561.78	44,561.78	
12/01/2008	145,000	4.150%	53,120.00	198,120.00	242,681.78
06/01/2009			50,111.25	50,111.25	
12/01/2009	140,000	4.150%	50,111.25	190,111.25	240,222.50
06/01/2010			47,206.25	47,206.25	
12/01/2010	145,000	4.150%	47,206.25	192,206.25	239,412.50
06/01/2011			44,197.50	44,197.50	
12/01/2011	155,000	4.150%	44,197.50	199,197.50	243,395.00
06/01/2012			40,981.25	40,981.25	
12/01/2012	165,000	4.150%	40,981.25	205,981.25	246,962.50
06/01/2013			37,557.50	37,557.50	
12/01/2013	165,000	4.150%	37,557.50	202,557.50	240,115.00
06/01/2014			34,133.75	34,133.75	
12/01/2014	175,000	4.150%	34,133.75	209,133.75	243,267.50
06/01/2015			30,502.50	30,502.50	
12/01/2015	185,000	4.150%	30,502.50	215,502.50	246,005.00
06/01/2016			26,663.75	26,663.75	
12/01/2016	190,000	4.150%	26,663.75	216,663.75	243,327.50
06/01/2017			22,721.25	22,721.25	
12/01/2017	200,000	4.150%	22,721.25	222,721.25	245,442.50
06/01/2018			18,571.25	18,571.25	
12/01/2018	210,000	4.150%	18,571.25	228,571.25	247,142.50
06/01/2019			14,213.75	14,213.75	
12/01/2019	215,000	4.150%	14,213.75	229,213.75	243,427.50
06/01/2020			9,752.50	9,752.50	
12/01/2020	230,000	4.150%	9,752.50	239,752.50	249,505.00
06/01/2021			4,980.00	4,980.00	
12/01/2021	240,000	4.150%	4,980.00	244,980.00	249,960.00
	<b>2,560,000</b>		<b>860,866.78</b>	<b>3,420,866.78</b>	<b>3,420,866.78</b>

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**SUMMARY OF BONDS REFUNDED**

**City of Wenatchee  
Limited Tax GO Refunding Bonds, 2007  
Private Placement  
(Refund 1997 Limited Tax GO Bonds)  
Final Pricing 11/28/07**

<b>Bond</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Par Amount</b>	<b>Call Date</b>	<b>Call Price</b>
Limited Tax General Obligation Bonds, 1997:					
SERIAL	12/01/2008	5.000%	125,000.00	12/31/2007	100.000
	12/01/2009	5.000%	130,000.00	12/31/2007	100.000
	12/01/2010	5.100%	135,000.00	12/31/2007	100.000
	12/01/2011	5.300%	145,000.00	12/31/2007	100.000
	12/01/2012	5.350%	155,000.00	12/31/2007	100.000
	12/01/2013	5.400%	160,000.00	12/31/2007	100.000
	12/01/2014	5.450%	170,000.00	12/31/2007	100.000
	12/01/2015	5.500%	180,000.00	12/31/2007	100.000
	12/01/2016	5.500%	190,000.00	12/31/2007	100.000
TERM	12/01/2021	5.600%	1,135,000.00	12/31/2007	100.000
			<b>2,525,000.00</b>		

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PRIOR BOND DEBT SERVICE

City of Wenatchee  
Limited Tax GO Refunding Bonds, 2007  
Private Placement  
(Refund 1997 Limited Tax GO Bonds)  
Final Pricing 11/28/07

Limited Tax General Obligation Bonds, 1997

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2008	125,000	5.000%	137,427.50	262,427.50
12/01/2009	130,000	5.000%	131,177.50	261,177.50
12/01/2010	135,000	5.100%	124,677.50	259,677.50
12/01/2011	145,000	5.300%	117,792.50	262,792.50
12/01/2012	155,000	5.350%	110,107.50	265,107.50
12/01/2013	160,000	5.400%	101,815.00	261,815.00
12/01/2014	170,000	5.450%	93,175.00	263,175.00
12/01/2015	180,000	5.500%	83,910.00	263,910.00
12/01/2016	190,000	5.500%	74,010.00	264,010.00
12/01/2017	200,000	5.600%	63,560.00	263,560.00
12/01/2018	215,000	5.600%	52,360.00	267,360.00
12/01/2019	225,000	5.600%	40,320.00	265,320.00
12/01/2020	240,000	5.600%	27,720.00	267,720.00
12/01/2021	255,000	5.600%	14,280.00	269,280.00
	<b>2,525,000</b>		<b>1,172,332.50</b>	<b>3,697,332.50</b>

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**ESCROW REQUIREMENTS**

**City of Wenatchee  
Limited Tax GO Refunding Bonds, 2007  
Private Placement  
(Refund 1997 Limited Tax GO Bonds)  
Final Pricing 11/28/07**

**Limited Tax General Obligation Bonds, 1997**

<b>Period Ending</b>	<b>Interest</b>	<b>Principal Redeemed</b>	<b>Total</b>
12/31/2007	11,452.29	2,525,000.00	2,536,452.29
	<b>11,452.29</b>	<b>2,525,000.00</b>	<b>2,536,452.29</b>